



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT
Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

December 21, 2020

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Institutions and Agencies

FROM: Charles Perusse *Charles Perusse*
State Budget Director

SUBJECT: Revised Budget Management Guidelines for FY 2020-21

I am writing to provide you and your staff revised budget management guidance for the remaining months of FY 2020-21 and beyond.

The demand of the COVID-19 pandemic on essential state services continues to be severe. From those fighting the disease and those caring for them, to those who have lost their jobs, to local school systems stretched to continue to deliver a quality education to all students, services that the state provides or pays for cannot afford cuts that could cause declines in service levels.

The Office of State Budget and Management (OSBM) has been closely monitoring North Carolina's unemployment rate, actual General Fund revenue collections, and the state's long-term economic outlook. The COVID-19 pandemic has severely impacted our state; however, the immediate infusion of federal fiscal stimulus funds in spring 2020 helped the economy recover more quickly than earlier expected. Recently, stabilization in the stock market and optimism around vaccine development and another federal government stimulus package give us more confidence in the overall economy.

North Carolina's actual FY 2020-21 General Fund revenue collections through October are approximately \$2 billion above the May 2020 consensus revenue forecast estimate. Therefore, OSBM is suspending the budget management guidelines issued in our June 3, 2020 memorandum effective January 1, 2021. General Fund operating budget allotments will be issued on a quarterly basis.

We must continue to be responsible with state resources, while at the same time knowing that North Carolinians need assistance now more than ever.

Please contact your OSBM Budget Execution Analyst if you have any questions. Thank you.